

**Office Of Twenty-First Judicial
District Indigent Defender
Amite, Louisiana**

Annual Financial Statements

Year Ended June 30, 2013

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Annual Financial Statements
As Of And For The Year Ended June 30, 2013
With Required Supplementary Information Schedules

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Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
 Annual Financial Statements
 As Of And For The Year Ended June 30, 2013
 With Required Supplementary Information Schedules

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PEDELAHORE & CO., LLP
Certified Public Accountants

Independent Auditor's Report

Office of Twenty-First Judicial
District Indigent Defender
Amite, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of the Office Of Twenty-First Judicial District Indigent Defender, Amite, Louisiana as of and for the year ended June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Office of Twenty-First District Indigent Defender, as of June 30, 2013, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 6 through 12 and 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013, on our consideration of the Office of Twenty-First District Indigent Defender's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Indigent Defender's internal control over financial reporting and compliance.

Pedelahau & Co., LLP

New Orleans, Louisiana
December 27, 2013

Required Supplemental Information (Part I)
Management's Discussion and Analysis

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Management's Discussion And Analysis
As Of And For The Year Ended June 30, 2013**

Introduction

The Office of Twenty-First Judicial District Indigent Defender (the "Indigent Defender") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments* (GASB 34), and related standards.

The Indigent Defender's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Indigent Defender's financial activity, (c) identify changes in the Indigent Defender's financial position, (d) identify any significant variations from the Indigent Defender's financial plan, and (e) identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this Management's Discussion and Analysis should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information ("RSI") that is provided in addition to this Management's Discussion and Analysis.

Financial Highlights

- At June 30, 2013, the Indigent Defender's assets exceeded its liabilities by \$552,969 (net position). Of this amount \$490,750 (unrestricted net position) may be used to meet the Indigent Defender's ongoing obligations to provide services to citizens.
- At June 30, 2013, the Indigent Defender reported an ending fund balance of \$490,750, an increase of \$272,959 for the year. \$450,750 of this amount is available for spending at the Indigent Defender's discretion.
- For the year ended June 30, 2013, the Indigent Defender's total debt increased by \$75,026 or approximately 60% due primarily to an increase in accrued compensated absences.
- Investment income for the year ended June 30, 2013 was \$891, a decrease of \$2,579. This decrease is due primarily to a decrease in investments.

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Management's Discussion And Analysis
As Of And For The Year Ended June 30, 2013

Overview Of The Annual Financial Report

The Management's Discussion and Analysis is intended to serve as an introduction to the Indigent Defender's basic financial statements, which consist of three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements
4. Other Supplementary Information, which is in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Indigent Defender's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on the Indigent Defender's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Indigent Defender is improving or deteriorating.

The Statement of Activities presents information showing how the Indigent Defender's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities that are supported by the Indigent Defender's various revenues. This is intended to summarize and simplify the reader's analysis of the cost and/or subsidy of various governmental services.

The government-wide financial statements can be found on pages 14 and 15 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Indigent Defender, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Indigent Defender uses a single category of funds to account for financial transactions: governmental funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Management's Discussion And Analysis
As Of And For The Year Ended June 30, 2013**

Governmental funds are used to account for all the Indigent Defender's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Indigent Defender's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Indigent Defender's programs. The basic governmental fund financial statement can be found on pages 17 and 19 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Indigent Defender's more immediate decisions on the current use of financial resources. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation immediately following the fund financial statements to facilitate this comparison between governmental funds and governmental activities. Also, see Note 1.E. for a similar reconciliation.

Notes To The Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 34 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Indigent Defender's net position for the current year as compared to the prior year. For more detailed information, see the Statement of Net Position on page 14 of this report.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Management's Discussion And Analysis
As Of And For The Year Ended June 30, 2013**

**Statement Of Net Position
June 30, 2013 And June 30, 2012**

	Governmental Activities			
	2013	2012	\$ Change	% Change
Assets				
Current and other assets	\$ 690,760	\$ 342,775	\$ 347,985	102%
Capital assets	<u>62,219</u>	<u>58,855</u>	<u>3,364</u>	6%
Total Assets	<u>752,979</u>	<u>401,630</u>	<u>351,349</u>	87%
Liabilities				
Current liabilities	<u>200,010</u>	<u>124,984</u>	<u>75,026</u>	60%
Total Liabilities	<u>200,010</u>	<u>124,984</u>	<u>75,026</u>	60%
Net Position				
Investment in capital assets, net of related debt	62,219	58,855	3,364	6%
Unrestricted	<u>490,750</u>	<u>217,791</u>	<u>272,959</u>	125%
Total Net Position	<u>\$ 552,969</u>	<u>\$ 276,646</u>	<u>\$ 276,323</u>	100%

Approximately 9% of the Indigent Defender's net position reflects its investment in capital assets (land, buildings, furniture, and equipment) net of any outstanding debt used to acquire those assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending.

Approximately 89% of the Indigent Defender's net position is unrestricted and may be used to meet the Indigent Defender's ongoing obligations to its citizens at the Indigent Defender's discretion.

At the end of the current fiscal year, the Indigent Defender was able to report positive balances in its sole category of net position, governmental activities. The same held true for the prior fiscal year.

The Indigent Defender's activities increased its net position by \$276,323, the total increase attributable to its governmental activities.

In order to further understand what makes up the changes in net position, the following table provides a summary of the results of the Indigent Defender's activities for the current period as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed information, see the Statement of Activities on page 15 of this report.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

Management's Discussion And Analysis

As Of And For The Year Ended June 30, 2013

**Changes In Net Position
For The Year Ended June 30, 2013 And The Year Ended June 30, 2012**

	2013	2012	Governmental Activities \$ Change	% Change
Program Revenues:				
Fees from Indigents	\$ 292,002	\$ 179,836	\$ 112,166	62%
Application fees	59,828	51,403	8,425	16%
Total program revenues	351,830	231,239	120,591	52%
General Revenues:				
Court cost on fines and forfeitures	1,570,533	1,274,202	296,331	23%
State grants	1,302,626	1,071,403	231,223	22%
Interest earnings	891	3,470	(2,579)	-74%
Miscellaneous	15,451	39,604	(24,153)	-61%
Total general revenues	2,889,501	2,388,679	500,822	21%
Expenses:				
Salaries and related benefits	2,385,700	2,496,816	(111,116)	-4%
Expert witness fees	19,803	46,851	(27,048)	-58%
Insurance	14,811	18,199	(3,388)	-19%
Other attorneys	315,350	467,306	(151,956)	-33%
Other expenditures	87,981	92,890	(4,909)	-5%
Professional fees	36,200	30,000	6,200	21%
Publications	5,498	8,902	(3,404)	-38%
Rent - office	30,888	32,872	(1,984)	-6%
Travel	24,458	45,946	(21,488)	-47%
Utilities and telephone	25,080	30,045	(4,965)	-17%
Depreciation expense	19,239	20,746	(1,507)	-7%
Total expenses	2,965,008	3,290,673	(325,665)	-10%
Change In Net Position	276,323	(670,755)	947,078	141%
Net Poition, Beginning	276,646	947,401	(670,755)	-71%
Net Position, Ending	\$ 552,969	\$ 276,646	\$ 276,323	100%

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Management's Discussion And Analysis
As Of And For The Year Ended June 30, 2013**

Governmental Activities

The Indigent Defender's governmental net position increased by \$276,323, or by 100% of the prior year ending net position, to \$552,969. Revenues increased by \$621,413 and expenses decreased by \$325,665 causing the net increase in changes in net position.

The increase in revenues noted above is primarily caused by increases in state funding, fees from indigents, and court cost on fines and forfeitures.

Fund Financial Analysis

As noted earlier, the Indigent Defender uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government Funds

The focus of the Indigent Defender's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Indigent Defender's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Indigent Defender's net resources available for spending at the end of the year. The basic governmental fund financial statements can be found on pages 17 and 19 of this report.

At the end of the current year, the Indigent Defender reported an ending fund balance of \$490,750. This represents an increase of \$272,959 or 125% of the prior year's ending balance.

Major Governmental Fund Budgetary Highlights

The Indigent Defender followed the provisions of LSA-R.S. 39:1307 in preparing, adopting, and amending a budget for the year ended June 30, 2013. The original and amended budgets were advertised and public hearings were held as required. The Indigent Defender had favorable variance for both revenue and expenditures.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Management's Discussion And Analysis
As Of And For The Year Ended June 30, 2013**

Capital Assets And Debt Administration

Capital Assets

The Indigent Defender's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$62,219 (net of depreciation). Asset (net) purchases were \$22,603. The total increase in the Indigent Defender's investment in capital assets for the current fiscal year was \$3,364 (net of depreciation).

The following table provides a summary of the Indigent Defender's capital assets at the end of the current year as compared to the prior year. For more detailed information see Note 6 to the financial statements on page 31 of this report.

**Capital Assets
June 30, 2013 And June 30, 2012**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Equipment	\$ 207,425	\$ 202,382
Furniture	<u>21,732</u>	<u>21,132</u>
	<u>\$ 229,157</u>	<u>\$ 223,514</u>

Long-Term Debt

At June 30, 2013, the Indigent Defender had no long-term debt outstanding nor did it have any as of June 30, 2012.

Contacting The Indigent Defender's Financial Management

This financial report is designed to provide the Indigent Defender's users with a general overview of the Indigent Defender's finances and show the Indigent Defender's accountability for the money it receives. Questions regarding this report or requests for additional information should be addressed to Office of Twenty-First Judicial District Indigent Defender, Post Office Box 1004, Amite, Louisiana 70422.

Basic Financial Statements
Government-Wide Financial Statements

Office Of Twenty-First Judicial District Indigent Defender**Amite, Louisiana****Statement Of Net Position**

June 30, 2013

	Governmental <u>Activities</u>
Assets	
Cash and cash equivalents	\$ 502,341
Investments, at fair value	52,095
Receivables	95,795
Other assets-security deposits	529
Prepaid expense	40,000
Capital assets, net	<u>62,219</u>
 Total assets	 <u>752,979</u>
 Liabilities	
Accounts payable	22,679
Retirement and payroll payables	109,973
Accrued compensated absences	<u>67,358</u>
 Total liabilities	 <u>200,010</u>
 Net Position	
Net investment in capital assets	62,219
Unrestricted	<u>490,750</u>
 Total net position	 <u><u>\$ 552,969</u></u>

The Notes to the Financial Statements are an integral part of these statements.

Office Of Twenty-First Judicial District Indigent Defender**Amite, Louisiana****Statement Of Activities**

Year Ended June 30, 2013

	<u>Governmental Activities</u>
Expenditures/Expenses	
Salary and related benefits	(2,385,700)
Expert witness fees	(19,803)
Insurance	(14,811)
Other attorneys	(315,350)
Other expenditures	(87,981)
Professional fees	(36,200)
Publications	(5,498)
Rent	(30,888)
Travel	(24,458)
Utilities and telephone	(25,080)
Depreciation	(19,239)
Total expenditures/expenses	(2,965,008)
Program Revenues	
Fees from indigents	292,002
Application fees	59,828
Net program expenses	(2,613,178)
General Revenues	
Court cost on fines and forfeitures	1,570,533
State grants	1,302,626
Interest earnings	891
Miscellaneous	15,451
Total general revenues	2,889,501
Change In Net Position	276,323
Net Position	
Beginning of the year	276,646
End of the year	\$ 552,969

The Notes to the Financial Statements are an integral part of these statements.

Basic Financial Statements
Governmental Fund Financial Statements

Office Of Twenty-First Judicial District Indigent Defender**Amite, Louisiana****Balance Sheet - Governmental Fund**

June 30, 2013

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 502,341
Investments	52,095
Receivables	95,795
Prepaid expenses	40,000
Other assets-security deposits	<u>529</u>
 Total assets	 <u><u>\$ 690,760</u></u>
 Liabilities And Fund Balances	
Liabilities:	
Accounts payable	\$ 22,679
Retirement and payroll payables	109,973
Accrued compensated absences	<u>67,358</u>
 Total liabilities	 <u>200,010</u>
 Fund Balances:	
Nonspendable-prepays	40,000
Unassigned	<u>450,750</u>
 Total fund balances	 <u>490,750</u>
 Total liabilities and fund balance	 <u><u>\$ 690,760</u></u>

The Notes to the Financial Statements are an integral part of these statements.

Office Of Twenty-First Judicial District Indigent Defender

Amite, Louisiana

Reconciliation Of The Governmental Fund Balance Sheet

To The Government-Wide Statement Of Net Position

June 30, 2013

Total Fund Balances, Governmental Fund	\$ 490,750
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The assets consist of:

Governmental capital assets, net of depreciation	<u>62,219</u>
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Net Position, Governmental Activities	<u><u>\$ 552,969</u></u>
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The Notes to the Financial Statements are an integral part of these statements.

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Statement Of Revenues, Expenditures, And Changes In Fund Balances
Governmental Fund
Year Ended June 30, 2013

	<u>General Fund</u>
Revenues	
Fees from indigents	\$ 292,002
Application fees	59,828
Court cost on fines and forfeitures	1,570,533
State grants	1,302,626
Interest earnings	891
Miscellaneous	<u>15,451</u>
Total revenues	<u>3,241,331</u>
Expenditures	
Salary and related benefits	(2,385,700)
Expert witness fee	(19,803)
Insurance	(14,811)
Other attorneys	(315,350)
Other expenditures	(87,981)
Professional fees	(36,200)
Publications	(5,498)
Rent	(30,888)
Travel	(24,458)
Utilities and telephone	(25,080)
Capital outlay	<u>(22,603)</u>
Total expenditures	<u>(2,968,372)</u>
Excess Of Revenues Over Expenditures	272,959
Other Financing Sources (Uses)	<u>-</u>
Net Change In Fund Balance	272,959
Fund Balances At Beginning Of Year	<u>217,791</u>
Fund Balances At End Of Year	<u><u>\$ 490,750</u></u>

The Notes to the Financial Statements are an integral part of these statements.

Office Of Twenty-First Judicial District Indigent Defender**Amite, Louisiana**

Reconciliation Of The Statement Of Revenues, Expenditures
 And Changes In Fund Balances Of Governmental Fund
 To The Statement Of Activities
 Year Ended June 30, 2013

Total Net Change In Fund Balances, Governmental Fund	\$ 272,959
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Amounts reported for governmental activities in the statement
 of activities are different because:

Capital outlays are reported in governmental funds as
 expenditures. However, in the statement of activities,
 the cost of these assets is allocated over their estimated
 useful lives as depreciation expenses. These differences
 consist of:

Capital outlay	22,603
Depreciation expense	<u>(19,239)</u>

Change In Net Position, Governmental Activities	<u><u>\$ 276,323</u></u>
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The Notes to the Financial Statements are an integral part of these statements.

Basic Financial Statements
Notes To The Financial Statements

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013**

Introduction

The Office of Twenty-First Judicial District Indigent Defender (hereinafter referred to as "Indigent Defender"), was established in compliance with Louisiana Revised Statutes 15:141-149, to provide and compensate counsel appointed to represent indigents in criminal and quasi-criminal cases on the district court level. The Indigent Defender has both full and part-time employees. In August 2007, the Louisiana Public Defender Act (Act 307) passed the Louisiana Legislature creating the Louisiana Public Defender Board which has the supervisory responsibilities over the Indigent Defender.

1. Summary Of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Office of Twenty-First Judicial District Indigent Defender have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. Financial Reporting Entity

For the financial reporting purposes, in conformance with GASB Codification Section 2100, the Indigent Defender is a part of the district court system of the State of Louisiana. The Indigent Defender has the responsibility for the hiring and retention of employees, authority over budgeting, responsibility for deficits, and the receipt and disbursement of funds. The Indigent Defender is financially independent and operates autonomously from the State of Louisiana and independent from the district court system. Therefore, the Indigent Defender reports as a reporting entity, not as a component unit and the basic financial statements include only the transactions of the Indigent Defender.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013**

C. Fund Accounting

The Indigent Defender uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Indigent Defender functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the Indigent Defender's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the Indigent Defender.

The Indigent Defender reports the following governmental fund:

General Fund - The General Fund is the General operating fund of the Indigent Defender. It accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to Indigent Defender policy.

D. Measurement Focus/Basis Of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the General Fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of Indigent Defender operations.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013**

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Indigent Defender considers revenues to be available if they are collected within sixty (60) days after the year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments, are recorded only when payment is due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Court costs are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

E. Government-Wide Financial Statements

The Statement Of Net Position and the Statement of Activities display information about the Indigent Defender as a whole. These statements include all the financial activities of the Indigent Defender. Information contained in these statements is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program Revenues – Program revenues included in the Statement of Activities are derived directly from the Indigent Defender's users as a fee for services; program revenues reduce the cost of the function to be financed from the Indigent Defender's general revenues.

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana

Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013

Reconciliation

The reconciliation of the items reflected in the governmental fund financial statements to the Statement of Activities (Statement B) and Statement Of Net Position (Statement A) are as follows:

Statement B

Capitalization of Capital Assets	\$ 22,603
Recording of Depreciation Expense	<u>(19,239)</u>
Net Effect of Changes	<u>\$ 3,364</u>

Statement A

Recording Net Capital Assets	<u>\$ 62,219</u>
Net Effect of Changes	<u>\$ 62,219</u>

F. Budgets And Budgetary Accounting

The Indigent Defender followed the provisions of LSA-R.S. 39:1307 in preparing, adopting, and amending a budget for the year ended June 30, 2013. The original and amended budgets were advertised and public hearings were held as required.

Formal budgetary integration is not employed; however, periodic budget comparisons are made a part of interim reporting. Budgeted amounts included in the accompanying financial statements included the revised adopted budget amounts.

G. Cash And Cash Equivalents

The Indigent Defender's cash and cash equivalents include demand deposits, interest-bearing demand deposit and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the Indigent Defender may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are insured through the Federal Deposit Insurance Corporation.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013**

H. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Indigent Defender's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

I. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are recorded in the Statement of Net Position. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Machinery and equipment	5-10 years
Buildings and building improvements	20-40 years
Furniture and fixtures	5 years
Vehicles	5-10 years

J. Compensated Absences

Vacation and sick leave policies are set by the Indigent Defender. Employees receive four weeks vacation if continuously employed for ten years, three weeks vacation if continuously employed for five years, and two weeks if continuously employed for one year. Vacation leave does not accrue. Sick leave is accumulated at the rate of one day per month beginning with the first full month of employment. Sick leave may be accrued up to a maximum of sixty days. Accrued sick leave will not be paid to an employee upon termination; therefore, no accruals for sick leave are reflected in these basic financial statements. The holidays designated as court holidays by the State Legislature are observed.

Due to a change in accounting period in a prior fiscal year, the Indigent Defender began accruing vacation leave in 2013. Since the accrual had no impact on the budget or budgetary accounting, the Indigent Defender did not find it feasible to determine the accrual adjustment for the prior period.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013

K. Pension Plan

Plan Description. Substantially all full-time employees of Office of Twenty-First Judicial District Indigent Defender of Tangipahoa Parish are members of the Parochial Employees' Retirement System of Louisiana (System), a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two (2) distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Indigent Defender are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, an employee is eligible for retirement benefits after meeting one of the following criteria:

For employees hired prior to January 2, 2007:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Age 65 with a minimum of seven (7) years of creditable service.

For employees hired after January 1, 2007:

1. Age 55 with 30 years of service.
2. Age 62 with 10 years of service.
3. Age 67 with 7 years of service.

Generally, the monthly amount of the retirement allowance of any member of Plan A shall consist of an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013**

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Funding Policy. Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the Indigent Defender is required to contribute at an actuarially determined rate. The current rate is 16.75 percent of annual covered payroll. Contributions to the System include one-fourth (1/4) of one percent (1%) of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Indigent Defender are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Indigent Defender's contributions to the System under Plan A for the year ending June 30, 2013 were \$277,389, equal to the required contributions for that year.

L. Long-Term Obligations

There were no long-term obligations at June 30, 2013.

M. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Nonspendable balance represents resources, generally, not in spendable form (such as prepaids). Committed or assigned amounts represent management's plans that are subject to change. Unassigned fund balance represents amounts available for any purpose.

The Indigent Defender's policy is to apply expenditures against nonspendable, restricted, committed, assigned and unassigned fund balances, in that order, at the end of the fiscal year by adjusting journal entry.

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013

N. Restricted Net Position

For government-wide Statement Of Net Position, net position is reported as restricted when constraints placed on net position use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments; or
2. Imposed by law through constitutional provisions or enabling legislation.

O. Extraordinary And Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the Indigent Defender, which are either unusual in nature or infrequent in occurrence.

P. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reported period. Actual results could differ from those estimates.

2. Cash And Cash Equivalents

At June 30, 2013, the Indigent Defender had cash and cash equivalents (book balances) totaling \$502,341 as follows:

Total cash and cash equivalents	\$ 502,341
Less: petty cash	<u>(1,299)</u>
Interest Bearing Demand Deposits	<u>\$ 501,042</u>

These demand deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana

Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013

2. Cash And Cash Equivalents (continued)

At June 30, 2013 the Indigent Defender had \$612,266 in bank deposits (collected bank balances). These deposits are secured from risk by \$250,000 federal deposit insurance. Of these deposits, \$362,266 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank. Even though the pledged securities are not held in the entity's name, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified by the Indigent Defender that the fiscal agent has failed to pay deposited funds upon demand.

3. Investments

Investments are categorized into these three (3) categories of credit risk:

1. Insured or registered, or securities held by the Indigent Defender or its agent in the Indigent Defender's name.
2. Uninsured and unregistered, with securities held by the counter-party's trust department or agent in the Indigent Defender's name
3. Uninsured and unregistered, with securities held by the counter-party, or by its trust department or agent but not in the Indigent Defender's name.

At June 30, 2013 the Indigent Defender had the following investments:

Certificates of Deposit	<u>\$ 52,095</u>
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At June 30, 2013 the Indigent Defender had \$52,095 in time deposits (collected bank balances). These deposits are secured from risk by \$52,095 of federal deposit insurance.

4. Receivables

The following is a summary of receivables at June 30, 2013:

Class of Receivable:	
Court cost on fines and forfeitures	<u>\$ 95,795</u>

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013

5. Interfund Receivable/Payable

Interfund receivables and payables are recorded when one fund overpays or underpays its portion of an expenditure. The Indigent Defender had no interfund receivables and payables since it had only one fund.

6. Capital Assets

Capital assets and depreciation for governmental activities as of and for the year ended June 30, 2013:

	<u>6/30/2012</u>	<u>Increases</u>	<u>Decrease</u>	<u>6/30/2013</u>
Capital Assets Depreciated				
Equipment	\$ 202,382	\$ 34,975	\$ 29,932	\$ 207,425
Furniture	<u>21,132</u>	<u>600</u>	<u>-</u>	<u>21,732</u>
Total Capital Assets Depreciated	<u>223,514</u>	<u>35,575</u>	<u>29,932</u>	<u>229,157</u>
Less Accumulated Depreciation For				
Furniture and Equipment	<u>164,659</u>	<u>19,239</u>	<u>16,960</u>	<u>166,938</u>
Total Accumulated Depreciation	<u>164,659</u>	<u>19,239</u>	<u>16,960</u>	<u>166,938</u>
 Capital Assets Being Depreciated, Net	 <u>\$ 58,855</u>	 <u>\$ 16,336</u>	 <u>\$ 12,972</u>	 <u>\$ 62,219</u>

Depreciation expenses of \$19,239 for the year ended June 30, 2013 were charged to the Governmental activities.

7. Accounts, Salaries And Other Payables

The payables at June 30, 2013 are as follows:

Accounts payable	\$ 22,679
Retirement, payroll withholdings and related payables	109,973
Accrued compensated absences	<u>67,358</u>
Total Liabilities	<u>\$ 200,010</u>

8. Short-Term Debt

The Indigent Defender had no short-term debt outstanding at June 30, 2013, and had no short-term debt activity during the year then ended.

**Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana**

**Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013**

9. Leases

The Indigent Defender records items under capital leases as an asset and an obligation in the accompanying financial statements. The Indigent Defender had no capital leases outstanding at June 30, 2013. The Indigent Defender began leasing a building in Livingston, LA in October 15, 2011 for a three (3) year term.

Under the terms of the lease the Indigent Defender pays \$2,313 rent per month and is responsible for increases in real estate property tax and for minor repairs and maintenance on the building. The lease provides one (1) 3-year renewal option. Total rent expense under this lease for the year was \$25,443.

Future minimum lease payments:

June 30, 2014	\$27,756
June 30, 2015	\$ 8,096

10. Long-Term Obligations

The Indigent Defender has no long-term debt outstanding at June 30, 2013, and had no long-term debt activity during the year then ended.

11. Risk Management

The Indigent Defender is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Indigent Defender attempts to minimize risk from significant losses through the purchase of commercial insurance.

12. Related Party Transactions

There were no related party transactions for the year ended June 30, 2013.

13. Litigation And Claims

The Indigent Defender is not involved in, or aware of, any pending or threatening claims or litigation.

14. Subsequent Events And Management's Review

Management has evaluated subsequent events through December 27, 2013, the date the financial statements were available to be issued.

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013

15. Governmental Fund Revenues And Expenditures

For the year ended June 30, 2013 the major sources of governmental fund revenues and expenditures were as follows:

Revenues:

Revenues

State Government

Grants	\$ 1,302,626	
Total		\$ 1,302,626

Local Government

Appropriations - general	25,000	
Statutory fines, forfeitures, fees, court cost, and other	<u>1,897,363</u>	
Total		1,922,363

Investment Earnings		891
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Miscellaneous		<u>15,451</u>
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Total Revenues		<u><u>\$ 3,241,331</u></u>
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Expenditures:

Personnel Services And Benefits

Salaries	\$ 1,773,383	
Retirement contributions	277,388	
Payroll taxes	29,605	
Insurance	<u>305,324</u>	
Total		\$ 2,385,700

Professional Development

Dues, license and registrations	<u>7,494</u>	
Total		7,494

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Notes To The Financial Statements
As Of And For The Year Ended June 30, 2013

15. Governmental Fund Revenues And Expenditures (continued)

Contract services - attorney/legal	315,350	
Contract services - other	93,329	
Lease - office	25,443	
Lease - other	5,445	
Travel - transportation	24,458	
Insurance	14,811	
Supplies	20,989	
Repair and maintenance	3,694	
Utilities and telephone	25,080	
Other	<u>23,976</u>	
Total		552,575
Capital Outlay		<u>22,603</u>
Total Expenditures		<u>\$ 2,968,372</u>

Required Supplemental Information (Part II)
Statement Of Revenues, Expenditures, And Changes In Fund Balances Budget
(GAAP Basis) And Actual General Fund

Office Of Twenty-First Judicial District Indigent Defender

Amite, Louisiana

Schedule Of Revenues, Expenditures, And Changes In Fund Balances -

Budget (GAAP Basis) And Actual

Governmental Fund - General Fund

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance	Budget to	Actual
	Original	Final	Amounts: Budgetary Basis	with Final Budget Favorable (Unfavorable)	GAAP Basis Differences Over (Under)	Amounts: GAAP Basis
Revenues						
Fees from indigents	\$ 225,000	\$ 225,000	\$ 290,616	\$ 65,616	\$ 1,386	\$ 292,002
Application fees	50,000	50,000	59,828	9,828	-	59,828
Court costs on fines and forfeitures	1,258,500	1,258,500	1,564,404	305,904	6,129	1,570,533
State grants	1,302,624	1,302,624	1,302,626	2	-	1,302,626
Interest earnings	1,500	1,500	891	(609)	-	891
Miscellaneous income	2,000	2,000	6,160	4,160	9,291	15,451
Total revenues	<u>2,839,624</u>	<u>2,839,624</u>	<u>3,224,525</u>	<u>384,901</u>	<u>16,806</u> (1)	<u>3,241,331</u>
Expenditures						
Salaries and related benefits	2,161,187	2,312,673	2,326,067	(13,394)	59,633	2,385,700
Expert witness fee	25,000	25,000	10,679	14,321	9,124	19,803
Insurance	25,300	25,300	4,616	20,684	10,195	14,811
Other attorneys	276,000	322,500	312,850	9,650	2,500	315,350
Other expenditures	163,237	168,237	87,219	81,018	762	87,981
Professional fees	34,000	34,000	38,200	(4,200)	(2,000)	36,200
Publications	10,000	10,000	5,487	4,513	11	5,498
Rent	28,400	34,000	33,408	592	(2,520)	30,888
Travel	54,000	54,000	23,808	30,192	650	24,458
Utilities and telephone	37,500	37,500	28,631	8,869	(3,551)	25,080
Capital outlay	25,000	25,000	21,659	3,341	944	22,603
Total expenditures	<u>2,839,624</u>	<u>3,048,210</u>	<u>2,892,624</u>	<u>155,586</u>	<u>75,748</u> (2)	<u>2,968,372</u>
Excess (Deficiency) Of Revenues Over Expenditures	-	(208,586)	331,901	540,487	(58,942) (3)	272,959
Fund Balance At Beginning Of Year	<u>217,791</u>	<u>217,791</u>	<u>217,791</u>	<u>-</u>	<u>-</u>	<u>217,791</u>
Fund Balance At End Of Year	<u>\$ 217,791</u>	<u>\$ 9,205</u>	<u>\$ 549,692</u>	<u>\$ 540,487</u>	<u>\$ (58,942)</u>	<u>\$ 490,750</u>

Explanation Of Differences:

(1) The increase in revenues was due primarily to an increase in accrued court cost on fines and forfeitures, and miscellaneous income.

(2) The increase in expenses was due primarily to an increase in accrued compensated absences.

(3) Net decrease in fund balance budget to GAAP

Other Reports And Findings

PEDELAHORE & CO., LLP

Certified Public Accountants

Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

To the Office Of Twenty-First
Judicial District Indigent Defender
Amite, Louisiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Office of the Twenty-First Judicial District Indigent Defender (Indigent Defender) as of and for the year ended June 30, 2013, which collectively comprise the Indigent Defender's basic financial statements as listed in the table of contents, and the related notes to the financial statements, and have issued our report thereon dated December 27, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Indigent Defender's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Indigent Defender's internal control. Accordingly, we do not express an opinion on the effectiveness of the Indigent Defender's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during

our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Indigent Defender's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Indigent Defender in a separate letter dated December 27, 2013.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management of the Indigent Defender and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
December 27, 2013

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Schedule Of Findings And Questioned Cost
Year Ended June 30, 2013

Section I – Summary Of Auditor’s Results

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____yes X no

Significant deficiencies identified not
considered to be material weaknesses? _____yes X none

Noncompliance material to financial
statements noted? _____yes X no

Section II – Financial Statement Audit Findings

There are no financial statement findings.

Section III – Federal Award Findings And Questioned Costs

Not applicable

Section IV – Management Letter

Improvement in internal control

Finding 2013-1: Refer to Management Letter (contained herein at pages 42 and 43) for details of finding and management’s response.

Office Of Twenty-First Judicial District Indigent Defender
Amite, Louisiana
Summary Schedule Of Prior Year Audit Findings
Year Ended June 30, 2013

The Office Of Twenty-First Judicial District Indigent Defender respectfully submits the following schedule of prior year audit findings for the year ended June 30, 2013.

Section I – Internal Control And Compliance Material To The Financial Statements

There are no prior year findings.

Section II – Internal Control And Compliance Material To Federal Awards

Not Applicable

Section III – Management Letter

None

PEDELAHORE & CO., LLP

Certified Public Accountants

ROBERT J. MORA, CPA
MARY H. VALIGOSKY, CPA
MILTON B. CAVALIER, CPA
JENNIFER L. DORAN, CPA

MEMBER
AMERICAN INSTITUTE OF CPA'S
SOCIETY OF LOUISIANA CPA'S

Management Letter

To the Office of Twenty-First
Judicial District Indigent Defender
Amite, Louisiana

We have audited the basic financial statements of the Office Of Twenty-First Judicial District Indigent Defender (the Indigent Defender) as of and for the year ended June 30, 2013, and have issued our reports thereon dated December 27, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

In connection with our audit, we made certain observations relative to the records maintained, the accounting procedures in effect, and the overall administration of the financial affairs of the District. As a supplement to the reports, we submit for your consideration, the following observations, which did not meet the criteria of being material to the basic financial statements.

- Improvement in Internal Control

2013-1 Credit Card Policies and Procedures

Condition: Presently, the Indigent Defender does not have a formal policy governing the administration and use of credit cards. While it appears receipts are being provided, other information should be provided to adequately and properly document appropriate usage.

Recommendation: We suggest that the Indigent Defender strongly consider adopting a formalized written credit card policy.

A credit card policy should be simple, but sufficiently thorough to provide adequate control to protect the Indigent Defender from abuse or unnecessary risk, and provide guidance and measures concerning usage, spending limits, recordkeeping and security.

The policy should require an itemized/detailed receipt and other appropriate documentation for all credit card charges appearing on the monthly statement. For example the credit card receipt for gasoline charges should include the vehicle odometer reading; credit card receipt for meals should include the business nature/purpose and identify the number of meals purchased and the names of the persons participating.

The credit card policy should also provide guidance as to uses or types of purchases which are not allowed, such as: cash advances, alcohol/tobacco purchases, etc.

The credit card policy should also include appropriate security measures, including recording the credit card number and telephone numbers of the credit card company, and include guidance for procedures when a card is lost or stolen.

The Indigent Defender's response to the matters identified during our audit is described below. We did not audit the Indigent Defender's response and, accordingly, express no opinion on it.

Management's Response: The Indigent Defender concurs with the provision that all charges should be documented with a receipt; the Indigent Defender currently makes every effort to collect and attach all charge receipts to the monthly statement. The Indigent Defender further understands that formal policies and procedures are designed to help ensure the credit card is used appropriately, and will strongly consider implementing the suggested and/or similar procedures.

Our audit procedures are designed primarily to enable use to form opinions on the basic financial statements and, therefore, may not reveal all weakness in policies and procedures that may exist.

Should you have any questions concerning the contents of this letter or if we can be of any additional service, please contact us at your convenience.

This report is intended solely for the information and use of management and the Louisiana Legislative Auditor, and is not intended to be, and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

A handwritten signature in cursive script that reads "Pedelamore & Co., LLP".

Pedelamore & Co., LLP
New Orleans, Louisiana
December 27, 2013